

VZCZCXYZ0002
PP RUEHWEB

DE RUEHGB #0101/01 0141215
ZNY CCCCC ZZH
P 141215Z JAN 10 ZDK
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC PRIORITY 6129
INFO RUCNIRA/IRAN COLLECTIVE
RUCNRAQ/IRAQ COLLECTIVE
RUEKJCS/CJCS WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL//CCJ2//
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L BAGHDAD 000101

SIPDIS

E.O. 12958: DECL: 01/14/2020
TAGS: [ECON](#) [IR](#) [IZ](#) [KDEM](#) [PGOV](#) [PREL](#)
SUBJECT: CODEL MCCAIN MEETINGS WITH PRIME MINISTER MALIKI
AND DEPUTY PRIME MINISTER ISSAWI

REF: A. A) 09 BAGHDAD 3326
[1](#)B. 10 BAGHDAD 0020
[1](#)C. 10 BAGHDAD 0030

Classified By: DCM Robert Ford for reasons 1.4 (b) and (d)

1.(C) SUMMARY: In a meeting January 5 with CODEL McCain, Prime Minister Maliki called for a US DOJ appeal of the recent controversial ruling by a U.S. district judge in the case against Blackwater employees. Maliki also acknowledged the influence of some regional powers in Iraqi politics, and discussed a proposed law to address foreign funding of Iraqi political parties. The Prime Minister outlined plans to Iraqi oil sector development, saying oil revenues to needed to help develop other sectors of Iraq,s economy. In a separate meeting, Deputy Prime Minister Issawi discussed his views on Iraqi electoral coalitions, and noted that the Iraq-Iran border dispute over an oil well had drawn criticism of Iran inside Iraq. END SUMMARY.

DEMOCRACY AND ELECTIONS

2.(C) In a January 5 meeting with Senators McCain, Joseph Lieberman, John Barrasso, and John Thune, Prime Minister Maliki noted that the goal of the Iraqi people is a &cultural democracy,8 which includes a readiness to listen to the opinions of other leaders and the public. He said Iraq is making progress toward this goal. Asked about attempts by neighboring states) especially Iran, but also Saudi Arabia) to influence the elections, Maliki acknowledged this as a problem. He commented that this sort of influence from neighboring states only exists because Iraqi political actors allow it, adding that Iraq needs a law to regulate foreign funding of political parties. The Prime Minister claimed that his own political coalition would be unaffected in this regard, adding that the political blocs in the Council of Representatives (CoR) should rely only on money from Iraqis, not from foreign powers that are attempting to influence the CoR.

[1](#)3. (C) In a separate meeting with the senators, Deputy Prime Minister Rafa,e al-Issawi commented on the controversy over the election law, summarizing the dispute as a battle over whether to use 2005 or 2009 population statistics. Issawi thanked the U.S. for its key role in resolving the legislative standoff.

[1](#)4. (C) Issawi described the importance of the Iyad Allawi-led Iraqiyya coalition, of which Issawi,s Future Gathering Party is a member. He asserted that it was the one coalition that includes all groups in Iraqi society and that it would bring together a national secular alliance. Issawi said that

though the Sadrist are now a part of the ISCI-led Iraqi National Accord (INA), the ISCI-Sadr alliance was not a friendly or durable one.

15. (C) Issawi asserted that polls show growing support for his election coalition. He cited good relations between Allawi and the Kurds and stated that the Shi'a Iraqi National Alliance had shown itself to be pragmatic and that he expected the three coalitions would join together in the post-election government formation phase. Touching on election strategy, he noted that advertising on satellite television stations was the most effective way to reach voters. Al-Arabiya, Al-Sharqiya and Al-Hurra are the most used. He said that one half hour of time) 60 thirty-second spots) cost \$100,000 from al-Arabiya television.

IRAQ-IRAN BORDER DISPUTE

Q-----
6.(C) Maliki bemoaned the fact that Saddam had left Iraq with disputes with nearly all its neighbors. However, Iraq would work to solve them with diplomacy, not arms, he stressed. Speaking about the dispute between the GOI and the Iran over Iranian seizure of an oil well near the border (ref A) and concerns that Iran was testing the Iraqi Army (IA), Prime Minister Maliki stated that IA capacity was good, but acknowledged that there was room for growth in Iraq,s military forces. Maliki commented that the GOI was displeased with Iran,s actions in this incident, but said the issue was being resolved peacefully. He added that Iran,s violations took place because the borders are not properly marked on the ground. Maliki commented, however,

that if Iran continues these types of violations, in his view it would be due to Iran,s fears about Iraq,s growing economic potential, especially in the oil industry.

17. (C) Maliki charged that the GOI inherited an injustice from the previous regime in the form of the 1975 Algiers Accord which governs Iraq-Iran border demarcation. Growing heated, Maliki said that Saddam Hussein was weak during the Algiers Accord discussions with Iran because of Iran,s support for Iraqi Kurds, and that Saddam therefore gave unwarranted concessions. Maliki noted that there are still a number of outstanding problems related to the Iran-Iraq border.

18. (C) Deputy Prime Minister Issawi commented later that the dispute over the Fakka oil well has increased opposition to Iranian presence in Iraq. He noted that the oil well incident was raised by PM Maliki at a meeting of the Iraqi National Security Council with the Ministry of Defense. Speaking more broadly, Issawi said that Iran continues to interfere in Iraqi politics.

INVESTMENT IN OIL INDUSTRY

9.(C) On the topic of economic development , Maliki noted that until 2008 the security situation in Iraq effectively precluded investment from international oil companies (IOCs) from operating in Iraq, but 2009 saw 15 IOCs participating in two rounds of bidding for Iraqi oil contracts. Maliki stated that Iraq,s target oil production capacity will be 11 million bpd, explaining that it would take at least 6 years of development for the oil industry to reach that capacity.

10.(C) The Prime Minister told the delegation that the Council of Ministers is examining the oil contracts, and the GOI will likely ask the IOCs to expedite their activities in Iraq. Maliki noted that he has raised with General Odierno previously the challenges related to export of Iraqi oil, saying that the GOI wants to develop its seaports for this purpose. He said USG assistance on demining would be important to this effort. Maliki stated that oil revenues will allow Iraqi to develop other industries, including tourism.

11.(C) In the later meeting with Issawi, the Deputy Prime Minister said the Iraqi economy was transitioning away from its recent past as a very centralized economy. He cited the passage of the Investment Law and the National Iraqi Investment Commission and the two recent rounds of oil field bidding as vehicles promoting this change. He noted that the agricultural sector was the most heavily damaged, putting responsibility on the Agriculture Ministry for becoming an &advisory8 ministry, for ineffective utilization of its budget and for creating a gap between farmers and the ministry. Issawi praised the opportunities provided by the Security Framework Agreement for post-graduate training available in the U.S.

HILL